

8 December 1952

MEMORANDUM FOR: Deputy Director (Intelligence)

THRU : Assistant Director, Research and Reports

25X1A6a SUBJECT : Report of Trip to [REDACTED] 1952

REFERENCE : CIA Notice 117-52; DRR Office Notice 1352-56

Purpose of the Trip

1. The purpose of the trip was

25X1A6a a. to attend the meetings of the US Economic Defense officers from the following posts: [REDACTED]

[REDACTED] and representatives of Special Representative Harops (SR), ONS, and the Departments of State, Commerce, and Defense;

b. to confer with the US Delegation to COMSEC regarding intelligence support for COMSEC negotiations;

25X1X7 c. to confer with members of [REDACTED] regarding problems of mutual interest relating to the organization and methods of handling intelligence for support of economic defense operations;

25X1A6a d. to confer with [REDACTED] regarding economic defense intelligence and particularly with reference to the local dissemination of operational intelligence to using agencies abroad.

Major Activities

25X1A9a 2. The Economic Defense Conference consisted of general sessions each morning 17 - 20 November inclusive and seminar groups on particular problems each afternoon and the morning of 21 November. Major subjects included: List II, Decreasing Reliance, Prior Commitments, PD 110, CHINCOM, Transit Trade, IO/DV, Transaction Controls, International Trade List, Preclusive Paying, Public Information Program, Reporting and Statistics, and Administrative Action Program. [REDACTED]

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██████ served as reporters for three of the seminars to the plenary sessions. Background papers prepared in advance are listed in Attachment A. Summary reports of the sessions will be made available by ONS.

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3. A conference was held on ██████ at which time he was briefed on the purpose and accomplishments of the Economic Defense Conference. The problem of expediting the local dissemination of raw economic defense intelligence and information to using agencies abroad was also discussed with ██████

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He explained the extent of present direct dissemination abroad of intelligence as to transactions originating or occurring in ██████ but referred to the request of ONS for more extensive lateral dissemination abroad of economic defense intelligence generally.

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4. Conferences arranged through ██████ were held in ██████

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██████ and other officers of ██████ It was the consensus of the group that it would be mutually helpful if a representative of ONS (D/E) could be ██████ for a tour of 25X1X7 duty of not less than 3 months to facilitate an exchange of ideas as to organization and methods of handling current intelligence support for economic defense policy and operations. This will be the subject of a separate staff study. In the exchange of views regarding economic defense intelligence and its use in support of policy making and operations, it was found that the ██████ organization methods and support activities were similar in the main to those of ONS (D/E). ██████ also urged the direct exchange of economic defense intelligence between ██████ and ONS (D/E), subject to the usual clearance and through the proper channels. They suggested that the names of the respective ██████ and ONS (D/E) be added to the distribution of documents with economic defense implications. This would facilitate transmission and assure copies reaching the responsible analysts in the field of economic defense with a minimum of delay.

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Conclusions and Recommendations

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5. Discussions in the Economic Defense Conference and with officers of ██████ indicate the need for an appraisal of the effectiveness of US and international security expert controls and other economic defense measures and an estimate of the effect of possible alternatives. The advent of a new administration in the US may be the occasion of both congressional and executive review of present policies in this field. The appraisal and estimate should seek to determine:

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a. The extent to which exceptions due to prior commitments and other special circumstances, clandestine trade, transshipments, and other evasions of controls have enabled the Soviet Bloc to acquire substantial amounts of strategic materials;

b. The extent to which the present disparity in controls results in loss of export trade of countries with stronger controls to those with weaker controls without accomplishing denial to the Soviet Bloc;

c. Whether the point of diminishing returns may have been reached in COCOM negotiations;

d. The extent to which the effect of COCOM controls may be offset by exports of non-participating countries;

e. The extent to which the highly refined definitions and arbitrary "break points" adequately cover the strategic categories;

f. If intelligence as to the Soviet position on various items can be made available with the degree of specificity demanded by COCOM negotiations;

g. The effect of market fluctuations on the control of exports of producing countries;

h. The effect of increasing economic nationalism in Asia and Latin America on the international control and allocation of raw materials;

i. In the concept of a prolonged cold war, the extent to which the Soviets may be able to integrate the economies of the Satellite countries and achieve self-sufficiency and a cessation of trade with non-Soviet countries; and

j. The extent to which alternative markets and alternative sources of supply may be provided for the present East-West trade.

6. It is recommended that D/E be authorized to make a preliminary survey of available information to assess the feasibility of an estimate along the foregoing lines within the time required.

D/E/RR:SFC:rs (8 Dec 52)

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Reputy Chief, D/E

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Executive Secretary, D/E

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